

# The Commonwealth Grows

Volume 4, Issue I

Spring 2004

Governor's Office of Agricultural Policy

## Taking It to the Next Level

### Special points of interest:

- Over \$4.4 million in ADF investments since December 2003
- Over \$155 million in ADF investments since January 2001
- Over 1,500 projects have been approved since January 2001
- Over \$59 million in County funds has been committed to the eight model cost-share programs.

### Inside this issue:

ADF Investments	2
Council Corner	4
Agriculture Finance	5
Priority Sheet	6
Certification Form	7
Program Admin.	8
Phase II Update	9
Investment Updates	10

**A**s a young 4-H leader, I would often tell 4-Hers, "find a job, fall in love with it, and you will never have to work another day in your life."

I have been lucky in my life to truly say that every job I have held, I have loved, and have been blessed to enjoy the opportunities that have been presented to me. As the new Executive Director of the Governor's Office of Agricultural Policy, I may have found the ultimate job. Serving in this position for the first three months of Governor Fletcher's administration has been a great honor. I look forward working to continue the great achievements we have begun here in Kentucky with the Agricultural Development Fund.

At the February Agricultural Development Board meeting, there was discussion taking this historic investment in agriculture to the next level. That is my challenge.

In taking this effort to the next level, we must build upon the foundation the Agricultural Development Board and agricultural leadership has provided. The first step, of many, is to ensure the integrity of the fund and its pro-

grams. At its February meeting, the Board reviewed and updated the guidelines for the eight Model Cost-Share Programs. A number of new policies and procedures, designed to provide for better accounting of the funds the General Assembly has provided, were established or revised. Many of these changes were recommended by producers and County Council members from across the state.

These changes are designed, not only to protect the integrity of the program, but to also help ensure that all eligible producers may access the funds for improving their operations. This effort is by no means designed to add more work to program administrators or make it more difficult for producers to access program funds. Nevertheless, as with any program using public funds, we must be good stewards of those funds and work to insure that the funds are used in the most effective and efficient way possible.

The second important step in this process is to develop a way to measure the economic success and return on investment of Agricultural Development Funds. Producers across the state have



Keith L. Rogers,  
Executive Director

benefited from the projects and model programs funded by the Board for the past four years. I believe that a measure of the return on investment will show the taxpayers of Kentucky and the General Assembly that the Agricultural Development Fund and its programs are improving the economy in rural Kentucky and benefiting Kentucky farm families.

I look forward to working with producers, County Councils, extension agents and many others to build on our successes. We have a solid commitment from Governor Fletcher and strong leadership in the General Assembly to continue to improve the opportunities for Kentucky farm families. It will be our job to deliver a rural Kentucky that continues to grow stronger.

## Agricultural Development Fund Investments

**K**entucky's Legislature made a historic effort in 2000 to diversify away from tobacco production, while revitalizing the farm economy by investing 50% of Kentucky's Master Settlement Agreement into the Kentucky Agricultural Development Fund.

Over the last four months, over \$4.4 million of Agricultural Development Funds have been invested in Kentucky's agricultural diversification effort. This brings the total investment to date to over \$155 million in an array of county, regional, and state projects designed to increase net farm income and create sustainable new farm-based enterprises.

The following are projects receiving Agricultural Development Funds between December 2003 and March 2004, representing 22 of the 1,500 projects that have been approved since 2001.



### **Cumberland Farm Products, Inc.**

County Funds: \$25,500.00  
State Funds: \$161,815.00  
Award Date: December 2003

Cumberland Farm Products, Inc. received a forgivable loan consisting of \$500 in McCreary County, \$10,000 in Pulaski County, \$15,000 in Russell County and \$161,815 in state funds. Agricultural Development Funds will be used to purchase 600 large plastic bins to replace outdated wooden bins, repair one of the coolers at the Monticello facility, and to cover operating expenses.

### **Cumberland Gap Goat Producers**

County Funds: \$3,379.00  
Award Date: March 2004

The Cumberland Gap Goat Producers Association received \$3,379 in Knox County funds to purchase commercial vegetable equipment to establish a shared-use program for all Knox County producers.

### **Daviess County Conservation**

County Funds: \$100,000.00  
Award Date: January 2004

The Daviess County Conservation District received \$100,000 in Daviess County funds to implement an On-Farm Drainage Enhancement Program. This program will help producers improve crop yields from poorly drained soils by installing subsurface drainage systems.

### **Eastern Kentucky Goat Producers Association**

County Funds: \$900.00  
Award Date: February 2004

Eastern Kentucky Goat Producers Association received \$900 in Owsley County funds to purchase a trailer for the shared-use goat handling equipment program for Owsley County goat producers.

### **Gone Fishin'**

County Funds: \$20,000.00  
State Funds: \$98,500.00  
Award Date: December 2003

Gone Fishin' received \$5,000 in Warren County, \$15,000 in Butler County, and \$98,500 in state funds to establish a commercial catfish processing facility in Butler County.

### **Grayson County Conservation**

County Funds: \$100,000.00  
Award Date: February 2004

The Grayson County Conservation District received \$100,000 in Grayson County funds to establish a lime cost-share program for Grayson County producers to help improve productivity of established farmland.

### **Jack Durbin and Byron Embry**

County Funds: \$8,000.00  
Award Date: February 2004

Jack Durbin and Byron Embry received \$8,000 of Grayson County funds to cost-share on the purchase of an inline bale wrapper, which will be made available to Grayson County farmers on a rental basis.

### **Johnson County Agricultural Advancement Council**

County Funds: \$7,738.00  
Award Date: December 2003

Johnson County Agricultural Advancement Council received \$7,738 in Johnson County funds to purchase a vegetable transplanter and bed shaper / mulch layer for rental to local county produce growers.

### **Kentucky Shiitake Mushroom Growers Association**

County Funds: \$1,000.00  
State Funds (KCADE): \$23,325.00  
Award Date: January 2004

Kentucky Shiitake Mushroom Growers Association (KSMGA) received \$1,000 in Jefferson County funds and \$23,325 in KCADE funds for a feasibility study. KSMGA will assess the business feasibility and economic value of

## Agricultural Development Fund Investments

developing a facility or organizational component of the organization to manage and market Kentucky log grown, organic shiitake mushrooms to retailers and other developing outlets.



### Licking River Valley RC&D

County Funds: \$3,000.00

Award Date: December 2003

Licking River Valley RC&D Council, Inc. received \$3,000 in Harrison County funds to purchase a sheep's foot roller to establish a shared-use program for local producers.

### Mammoth Cave RC&D

County Funds: \$20,000.00

Award Date: January 2004

The Mammoth Cave Resource Conservation and Development Area, Inc. received \$20,000 in Logan County funds to provide a cost-share program to Logan County dark fired tobacco and horticulture producers for the purchase of shade cloth.

### Morgan County 4-H Council

County Funds: \$21,000.00

Award Date: December 2003

Morgan County 4-H Council received \$21,000 in Morgan County funds to assist in developing an agri-business training program for youth. County

funds will be used by the youth for various agricultural projects (both livestock and crops), and youth will be required to complete an agricultural entrepreneurship course based on the Kaufman Foundation Youth Business Development curriculum.

### Mountain Cattlemen's Association

County Funds: \$1,000.00

Award Date: December 2003

Mountain Cattlemen's Association received \$1,000 in Floyd County funds to allow additional Floyd County beef producers to participate in the Heifer Development Project in Perry County.

### Owensboro Community College

County Funds: \$20,000.00

Award Date: December 2003

Owensboro Community College received \$20,000 in Daviess County funds to expand the Agriculture Technology Program with a greenhouse facility for students and adult education with emphasis on how to enhance value added agronomic practices.

### Pig Improvement Company (PIC)

State Funds: \$800,000.00

Award Date: January 2004

Pig Improvement Company (PIC) received an \$800,000 forgivable loan in state funds to construct a state of the art swine breeding facility in Allen County, to produce genetically superior boars for sale to PIC customers for artificial insemination and natural service breeding purposes. The loan will be forgiven based upon discounts and other incentives being provided to

Kentucky pork producers with special emphasis on producers in the top sixty tobacco dependent counties of Kentucky.

### Pulaski County Horticulture Association

County Funds: \$14,000.00

Award Date: February 2004

Pulaski County Horticulture Association received \$14,000 in Pulaski County funds to administer cost-share fruit and vegetable programs to producers starting or expanding a fruit or vegetable production operations.

### Southern Kentucky Regional Farmers' Market, Inc.

County Funds: \$10,000.00

Award Date: March 2004

The Southern Kentucky Regional Farmers' Market, Inc. received \$10,000 in Warren County funds to establish a regional producer-only farmer's market in Bowling Green.

### S.S. Enterprises of Warren County, Inc.

County Funds: \$5,000.00

State Funds: \$84,811.00

Award Date: January 2004

S. S. Enterprises of Warren County Inc. received \$5,000 in Warren County funds and \$84,811 in state funds to construct a small scale poultry processing plant that will custom process chickens, turkeys, squab, and other fowl under USDA inspection for Kentucky's small scale and independent poultry producers.

(Continued on page 4)

## Agricultural Development Fund Investments

(Continued from page 3)

### Washington County Cattlemen Association, Inc.

County Funds: \$5,200.00  
Award Date: March 2004

The Washington County Cattlemen's Association received \$5,200 in Washington County funds to continue the Youth Master Cattlemen's Program to support and encourage the youth in

Washington County that are interested in the dairy and beef industries.

### Washington County Cattlemen Association, Inc.

County Funds: \$185,640.00  
Award Date: December 2003  
March 2004

The Washington County Cattlemen's Association received \$185,640 in Washington County funds to continue

a three-year program that includes funding for three model programs and record keeping system called Cattle Herd Appraisal Program (CHAPS).



## County Council Corner

*"The quality of a leader is reflected in the standards they set for themselves."*

- Ray Kroc

McDonald's Founder

June 30, 2004 marks the end of the second biennium for the Commonwealth's 120 County Agricultural Development Councils, and the beginning of the next phase in the agricultural development process.

### County Plans

County Agricultural Development Councils were required by law to "devise a plan for the county that would identify programs best suited for the agricultural development of the county." By July 2001, 120 County Plans were submitted to the Agricultural Development Board.

With four years of planning and progress invested in this effort, it is time to review where we have been, reevaluate our priorities, and set new goals & priorities to keep agricultural

diversification in Kentucky dynamic. County Councils are encouraged to re-evaluate their County Plan and revise it, if necessary, to fit the county's current priorities. Revisions may be submitted to your area's Project Analyst.

### County Council Terms Expire

July 1, 2000 marks the beginning of the County Agricultural Development Councils. The Councils were established to evaluate the needs of the local agricultural economy, devise a plan to identify programs best suited to support the county's agriculture, and assist local applicants in preparing proposals for county funds.

County Council membership includes:

- 2 farmers selected by the county Farm Service Agency Committee
- 2 individuals selected by the county Conservation District Board
- 2 individuals selected by the county Extension Council
- 2 young farmers (age 21- 40) selected by the above six members

Since Council terms are for two years, it is time to think about your intent to serve on your County's Agricultural Development Council. Whether you wish to serve again or not, please notify the organization that selected you of your intent.

Any changes (additions and deletions) to Council membership should be communicated through the membership update web page at [www.uky.edu/Agriculture/AgPrograms](http://www.uky.edu/Agriculture/AgPrograms).

### Revised Prioritization Sheet



The County Council Prioritization Sheet has been revised.

The revised sheet now has a space for

the Council to show if a reduced match has been requested for each program and a space to designate a lower producer match, if they choose. These boxes apply only to Priority Sheets for model programs. A copy of the revised priority sheet is available on page 6 of this newsletter.

## Kentucky Agricultural Finance Corporation

### Young Farmer Loan Program

**K**entucky Agriculture Finance Corporation (KAFC) received Agricultural Development Funds in the summer of 2003 for the establishment of capital access programs for farmers and farming communities impacted by the loss of tobacco quotas. An critical component of these programs will be that KAFC will work with local lenders, continuing the emphasis on community involvement in diversifying Kentucky's agriculture economy.

KAFC working together with the Farm Service Agency's Beginning Farmer and Rancher Program, has developed a program designed specifically to meet the needs of Kentucky's farmers wishing to acquire or expand farm-land for production agriculture. This program allows farmers to finance up to 100% of the acquisition costs.

KAFC will provide up to 40% of farm acquisition costs, as set forth in FSA regulations. KAFC loan will be subordinate to the remaining financing of the local lender, provided KAFC's loan can be guaranteed by FSA through its Joint Financing Farm Ownership Program. Under the Young Farmer Program, 95% of the KAFC loan will be guaranteed by FSA.

### Basic Guidelines for the Young Farm Loan Program

- Borrowing farmer must derive one-half of annual gross income from the endeavor being financed for a period of three years after the loan is approved.
- Farmer shall not have derived more that \$100,000 **net income** from all sources in the fiscal year preceding the year in which the loan application is made.
- Farmer must have farmed for no more that ten years and no less than three years.
- Farmer may own existing farm land, but cannot own a farm greater than 30% of the average farm size for the county.
- Farmer must substantially participate in the farm operation.
- KAFC will require no down payment from borrower. However, local lender still may require some equity contribution.
- Term of loan will equal term of first mortgage lender's loan, but in no case will exceed 15 years.
- Maximum KAFC loan amount of \$250,000 or 40% of total project cost, whichever is lower.
- Interest rate will be tied to Wall Street Journal Prime, and will be adjusted annually on the anniversary date of the loan. There will also be a fixed rate option.
- Loan will be guaranteed by Farm Service Agency. Borrower must meet all FSA requirements to be eligible for Young Farmer Financing Program.
- Loan documents will specify that a default on any lender's loan will constitute a default on all other lenders' loans.
- A 1% fee will be charged on the portion of the loan guaranteed by FSA.
- Borrower must be able to show inability to obtain total financing from primary lender in order to qualify for

For more information regarding the Young Farmer Loan Program or other capital access programs offered by the Agricultural Finance Corporation contact David Bratcher or Bill McCloskey at

**Kentucky Agricultural Finance Corporation**  
**404 Ann Street**  
**Frankfort, KY 40601**  
**(502) 564-4627**

# County Agricultural Development Council

## Priority Sheet

<b>APPLICANT:</b>	<b>TAX ID NUMBER:</b>
<b>PROJECT TITLE:</b>	
<b>\$ AMOUNT COUNTY FUNDS REQUESTED:</b>	<b>\$ AMOUNT COUNTY FUNDS APPROVED:</b>
<b>REDUCED PRODUCER MATCH <u>REQUESTED</u>? (Model Programs – Only)</b>	<b>REDUCED PRODUCER MATCH <u>APPROVED</u>? (Model Programs – Only)</b>
Y / N Amount: _____ (not below 25%)	Y / N Amount: _____ (not below 25%)

The \_\_\_\_\_ County Agricultural Development Council has reviewed this application for county agricultural development funds and has taken into consideration both the County Comprehensive Plan for Agricultural Development and Kentucky's Long-Term Plan for Agricultural Development in its deliberation.

As this proposal relates to our County Comprehensive Plan and Kentucky's Long-term Plan for Agricultural Development, this proposal has been ranked the following (circle one):

**a High priority**

**a Low priority**

by the majority of County Agricultural Development Council members present & eligible to vote.

*Is this a county contribution to a multi-county state funding application?* ☐ Yes ☐ No  
*If yes, are county funds to be awarded if state funds are denied?* ☐ Yes ☐ No

Signatures of County Council Members Present\*

\_\_\_\_\_, **Chair**

\_\_\_\_\_, **Secretary**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

DATE: \_\_\_\_\_

\* If County Council Members have the potential to gain from this proposal, attach a letter of potential conflict of interest to this form.



## Producer Certification Form

(Producer: Please retain a copy for your records. Administrator: Please keep with producer's application.)

The overall mission of the Agricultural Development Fund is to help the agriculture community diversify their agricultural operations and increase net farm income. To that end, Model Programs were developed to provide cost-share assistance to individual producers through a local program administrator. To judge the success and impact of these programs, as well as monitor the distribution of these funds, the Agricultural Development Board requires the below information. This information is required for a producer to receive funding.

All confidential information provided by the applicant shall be protected by the Agricultural Development Board and the County Agricultural Development Council, as outlined in the model program guidelines and the Kentucky Open Records Act, KRS 61.870 to 61.884.

<b>Name:</b>	
<b>Farm Serial Number (FSN):</b>	<b>Social Security (SSN) / Tax ID (TIN) Number:</b>
<b>Farm Address:</b>	
<b>Farm County:</b>	

### Funds Received through This Model Program

Please list all funds received through the \_\_\_\_\_ (specify program)  
model program by year in this or any other county.

2001: \$	2002: \$	2003: \$
2004: \$	2005: \$	Total Funds: \$

If this form is being used for the **Cattle Genetics Improvement Program**, then please list the number of bulls received, in addition to the above funding information.

<b># of Bulls:</b>
--------------------

*Note: Please refer to the model program guidelines for 12-month term maximums and lifetime program maximums.*

I, \_\_\_\_\_, hereby certify that I have read all of the terms and requirements for this program and agree to follow the guidelines. I understand that I am required to provide all of the above information prior to participation in this program.

I also certify that I have not received funds for this model program from another county within the last 12 months.

I agree to use the funds I receive in the manner intended by the Agricultural Development Board and the Program Administrator. I further agree to provide copies of invoices, receipts, cancelled checks, etc. to the Program Administrator.

I will report the progress and results of these improvement practices and any resulting economic value to my operation.

Signature:	Date:
Name Printed:	

## Model Program Administration

### Administrative Guidelines

**A**t its February Board Meeting, the Agricultural Development Board made several changes to the guidelines for the eight Model Cost-share Programs. Many of those changes affect how programs are administered.

The revisions are a compilation of the policies and procedures that grew out of three years of policy and procedure questions.

The purpose of these revisions is to protect the integrity of the Agricultural Development Fund and protect administrators. The main changes affect the following: the handling of the money, advertising of the program, accepting applications, and reconciling and closing out programs.

A complete list of the administrative changes was mailed to each program administrator.

### Revised Reporting Forms

Most administrators have seen the newly revised quarterly reporting forms, and many have used them for the 2003 Fourth Quarter reporting period. After feedback from program administrators and extension agents, those reports have been tweaked.

Not only are the revised reports available on-line at [agpolicy.ky.gov/](http://agpolicy.ky.gov/), but they have also been sent to program administrators on diskettes, along with the revised model program guidelines. If you are a program administrator and have not received a mailing, then please contact our office at (502) 564-4627.

## Program Administrator Spotlight

### Green River Area Beef Improvement Group

**A**t their February meeting, the Green River Area Beef Improvement Group (GRABIG) was recognized for the commitment they have shown to area beef producers. State legislators and staff of the Governor's Office of Agricultural Policy were on hand to present a check totaling \$1,072,629 to the GRABIG Directors.

GRABIG was established in 2001 by agricultural leaders from Daviess, Hancock, Breckinridge, Henderson, McLean, Ohio, and Webster Counties, to provide regional support to beef producers and assist counties in administering model cost-share programs available through the Agricultural Development Fund.

Currently GRABIG is administering model programs designed to assist cattle producers, such as the Genetic Improvement, the Handling Facilities, and the Forage Improvement in many of the counties in the Green River area.

"Our main goal is improving the quality of the beef herd and the profitability of the producers in this area," said Roger Shocklee, president of GRABIG. "We are proud of what we have accomplished to this point and we are looking forward to see what progress we make in the future with these programs."

*"Our main goal is improving the ... the profitability of the producers in this area."*

## Model Program Specific Changes

### Agricultural Diversification

- Swine Production added
- Mushrooms and edamame added
- Non-refrigerated equipment added where appropriate

### Cattle Genetics

- 4 bull maximum for the lifetime of program established
- \$5,000 lifetime maximum for semen, lease, or combination established
- Lifetime maximums are retroactive to the beginning of the program

### Handling

- \$1,000 caps on Handling Facilities, Bull Pens/Lots, and Weaning Pens removed for non-CPH45
- Overall non-CPH45 maximum maintained at \$3,000

### Goat Diversification

- Breeding Soundness Exam defined, and options presented
- Dairy facilities added

### Fencing Improvement

- "Boundary" added to clarify intent of the program
- Language regarding labor expenses added

### Forage Improvement & Utilization

- "Temporary fence" changed to "internal fence" for rotational grazing
- Woven & barbed wire fence now allowed

### Hay, Straw, & Commodity Storage

- Language regarding labor expenses added

### On-farm Water Enhancement

- Piping, permanent waterers, and fencing to protect water source added
- Language regarding labor expenses added



## Phase II Update

### Amnesty Program Adopted

In an attempt to reach growers and tenants who did not file a valid certification form during the initial Phase II sign-up, the Kentucky Tobacco Settlement Trust Corporation, chaired by Governor Ernie Fletcher, approved an Amnesty Certification Program for the Phase II Fund in their March Board meeting.

The amnesty program is not designed to resolve disputes over

pounds or to redistribute pounds already certified. Its sole purpose is to attempt to reach a 100% certification of tenant and grower pounds for the crop years of 1998, 1999, and 2000 for Kentucky's Phase II program.

In mid-May, certification forms will be mailed out to farms that have not been certified for all or a portion of the grower and tenant pounds. In addition to the certification form, any grower or tenant that is in association with that farm, for any one of the

three years, will be sent an Alternate Contact Letter. In early June, Phase II representatives will hold four regional meetings across the state to answer questions about Phase II, the Amnesty Certification Program, and provide assistance in completing the forms.

Participants in the amnesty program will not receive retroactive payments. Instead, those who are certified under the amnesty program will begin receiving payments in December 2004.



**Governor Fletcher addresses Kentucky farmers at the 2003 Phase II check presentation.**

### Phase II Amnesty Program Timeline:

MAILING: CERTIFICATION FORMS, ALTERNATE CONTACT LETTERS	<b>May 15, 2004</b>
MEETINGS: REGIONAL OUTREACH	<b>Early June</b>
DEADLINE: POSTMARK ON CERTIFICATION FORMS	<b>June 30, 2004</b>
DEADLINE: RECEIPT OF CERTIFICATION FORMS BY	<b>July 15, 2004</b>
MAILING: CERTIFICATION LETTERS FOR NEWLY CERTI-	<b>August 15, 2004</b>
PAYMENT: NEWLY CERTIFIED FARMERS PAID IN CROP YEAR 2003 DISTRIBUTION	<b>December 31, 2004</b>

### 2004 Distribution Plan

At its 2004 meeting, the Phase II Board agreed to retain its policy of dividing trust proceeds equally among the owners of quota, the party who owns or controls the land used to produce tobacco, and the party who employs the labor used in burley tobacco production. Payments to owners of quota will be based on basic quota ownership records from the United States Department of Agriculture for the 2003 crop year.

Payments for the land and labor components will again be based on an average of production and marketing activity in the years 1998, 1999, and 2000. The payment unit, referred to as payment pounds, is determined by averaging the effective quota and actual marketings for the three crop years in question.

Kentucky is scheduled to receive approximately \$125 million in 2004, although adjustments built into the trust could reduce that amount by as much as 10% or more. The Board is

obliged by the Trust agreement to revisit its compensation plan annually. Since December 1999, the Corporation has distributed over \$588 million in direct cash payments to over 530,000 recipients while maintaining an administrative cost of less than 1%.

The Trust was established as a 12-year program by cigarette manufacturers to offset income losses incurred by tobacco growers as a result of the Master Settlement Agreement.

## Investment Updates

### Kentucky Beef Network (KBN)

In 2001, Kentucky Cattlemen's Association (KCA) received funds from the Agricultural Development Board to establish the **Kentucky Beef Network (KBN)**, a non-profit organization to provide educational and technical assistance to beef producers. KBN has established a grassroots education and technical assistance program reaching across 120 counties, focusing on management based programs designed to bring about unity in Kentucky's beef industry.

KBN has not just provided farmers with production education, but they have focused on record keeping, quality assurance, and animal health issues. In the past three years we have seen a significant increase in the number of Certified Preconditioned Health (CPH 45) sales and Kentucky now has more Beef Quality Assurance (BQA) certified producers than any other state.

In partnering with Kentucky Department of Agriculture, University of Kentucky, Kentucky Farm Bureau and the Kentucky Livestock Marketing Association the Kentucky Beef Network is strengthening the cooperative efforts that are critical to keep Ken-



Governor Fletcher meets KCA members at the 2004 KCA convention in Bowling Green.

tucky on the cutting edge of industry challenges. The Kentucky Beef Network and the Kentucky Livestock Marketing Association have worked together over the past two years to lay the groundwork for a model animal identification system, designed to enhance producer profitability and ensure livestock health.

In July 2003, the Agricultural Development Board approved funding to implement a statewide electronic identification program. The funds are being used to purchase the hardware and software need at Kentucky livestock markets to allow a 48-hour trace back to the birth farm of the animal. These funds will be matched dollar for dollar by the livestock markets, to create a total investment of \$4 million in the states animal identification system.

In February 2004, the Kentucky Beef Network demonstrated the use of the new Electronic Identification program at the Washington County Livestock in Springfield, Kentucky. Beef producers crowded three deep to watch the state's first regular livestock auction with electronic identification scanners.

Many animals were tagged by farmers before delivery to the sale while others were tagged on site with an electronic almond-sized ear tag that emits a radio signal. As the cattle left the sales ring, they passed through a steel portal with sensors that scanned the tag and sent the data to the auction house's computer network. The information was later transmitted to a central database. Sales operated in this



Samples of Animal Identification Tags, which are almost invisible when properly attached.

manner would allow health officials to look at the records to discover where and when individual animals had moved through the markets.

The goal of demonstrating the computer system was to partly alleviate beef producers' concerns about the electronic identification system., which will be mandatory by July 2005 for interstate commerce and July 2006 for all.

"Our effort is to maintain the structure of the way this industry operates and to let beef producers know that it is not going to cost a bunch of money," said Jim Akers, Beef IRM Coordinator, "If we create a system that's difficult or expensive, we'll put a lot of these little guys out of business. And our whole goal is to keep them in business."

The Agricultural Development Board's investments in innovative market development programs in the beef industry and the commitment from Kentucky's agricultural leaders have positioned Kentucky to emerge as a leader in the development of a model animal identification system for the national beef industry.

## Investment Updates

### Kentucky Heritage Meats

**T**he entrepreneurship spirit in Kentucky producers has flourished with support from the Agricultural Development Fund. Once such individual that has taken the initiative to expand beyond the farm is John Medley, a third generation pork producer from Washington County.

For years Medley has sold his pork products at farmers markets in Louisville and in the Springfield area.



A KHM employee packages burger.

Now his customers will be able to buy his fresh products everyday with the opening of his new custom meat processing facility and The store, Kentucky Heritage Meats, will carry Medley's own farm fresh, antibiotic free pork products, as well as fresh beef from the Kentucky Homegrown Beef Group based in Washington County. Kentucky Heritage Meats will also carry other fresh from the farm products on a seasonal basis, such as mushrooms and sauces.

Kentucky Heritage Meats received Agricultural Development Funds in the form of forgivable loans, consisting of \$79,200 in state funds, \$10,000 in Nelson County funds, \$10,000 in Washington County funds and \$10,000 in Marion County funds. This is one of the over 1,500 agricul-

tural diversification projects that have been funded by the Agricultural Development Board since the inception of the program in 2001.



Store-front on Buechel Avenue

If you are in Louisville stop by and pick up some Kentucky Fresh products at **Kentucky Heritage Meats** located at 2221 Buechel Ave. Retail customers can shop from noon to 7 p.m. Tuesday through Saturday. For more information, call the store at (502) 495-6341.

### Garrard County FFA Greenhouse

**C**ommissioner Richie Farmer, Vice-Chair of the Agricultural Development Board, presented a \$58,327 symbolic check to the Garrard County High School FFA members. This check represents the investments that the Garrard

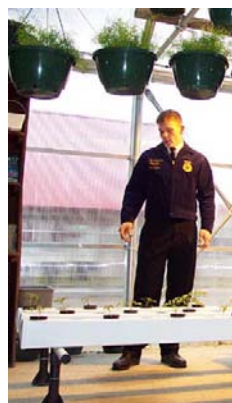


Richie Farmer, Agriculture Commissioner, presents a check to Garrard County FFA students.

County Agricultural Development Council and the state Agricultural Development Board have made in Garrard County's agricultural education program.

"It is exciting to see a funded project that is having such a positive impact on Kentucky's future farmers," said Commissioner Farmer. "Supporting education projects that promote agricultural diversification is just one of the many way we are focusing on improving Kentucky's agricultural economy."

Garrard County High School Agriculture Department received \$49,327.00 of Garrard County funds in 2001 to construct a greenhouse for use with horticulture classes to ex-



An FFA student demonstrates the hydroponics system.

pand upon the existing agriculture curriculum. In addition to High School classes, the greenhouse is also used for Adult Education Classes in the areas of agriculture and horticulture.

The Garrard County Board of Education also received an additional \$9,000 in Garrard County funds, in

## Governor's Office of Agricultural Policy

Ernie Fletcher, Governor  
Keith L. Rogers, Executive Director  
Kara K. Keeton, Publisher / Editor  
Sandra P. Gardner, Editor

Phone: 502-564-4627  
Fax: 502-564-8990  
Email: govkyagpolicy@ky.gov

The **Governor's Office of Agricultural Policy (GOAP)** provides a direct link between the Governor and one of the Commonwealth's most important industries. GOAP administers the Kentucky Agricultural Development Board (Phase I), the Kentucky Tobacco Settlement Trust Corporation (Phase II), and the Kentucky Agriculture Finance Corporation, as well as other Boards and Commissions.

GOAP is dedicated to doing all that it can to develop and implement agricultural development policies that result in a brighter future for Kentucky.

### VISIT US ON THE WEB AT

[HTTP://AGPOLICY.KY.GOV](http://agpolicy.ky.gov)

### Governor's Office of Agricultural Policy

404 Ann Street  
Frankfort, KY 40601



**Making a difference,  
one producer at a time.**

**\$155 million**  
in Agricultural Development Funds  
have already made an impact on  
Kentucky producers.



50% of Kentucky's Tobacco Settlement Fund is being invested into agriculture for diversification and market development. The Kentucky Ag producer is better able to meet the challenges facing the future of farming.  
To learn more, visit [kybeef.com](http://kybeef.com), [westkentuckygrowers.com](http://westkentuckygrowers.com) and [otherwhitemeat.com](http://otherwhitemeat.com)  
Funded by Agricultural Development Funds, made possible by the Kentucky Legislature.

PRSRT STD  
U.S. POSTAGE  
**PAID**  
FRANKFORT, KY